

## *City of Sugar Land*

Fiscal Year 2004/2005

General Fund

Budget Workshop

August 5, 2004



## *General Fund*

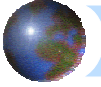
Review in two phases

🕒 This morning:

- 📊 FY2003/04 Projections
- 📊 FY2004/05 Base Budget

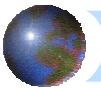
🕒 Monday, August 9<sup>th</sup>

- 📊 Enhancements



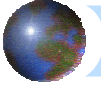
## *Workshop Goals*

- ⌚ Present and review data/information
- ⌚ Answer questions
- ⌚ Identify areas to provide more information
- ⌚ Identify items for further discussion
  - ▣ Individual council consideration



## *General Fund*

- ⌚ Chief Operating Fund- used to account for all financial resources except for those required to be accounted for in another fund.
- ⌚ “Traditional” government services
  - ▣ Police
  - ▣ Fire
  - ▣ Parks
  - ▣ Public Works



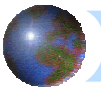
## *General Fund*

### ⊕ Made up of two components:

- ▣ Operating Budget- the primary funding by which most of the service delivery activities of the City are controlled.
- ▣ Non-Operating Budget- accounts for transactions that arise from activities outside the delivery of services. Includes items such as inter-fund transfers (out), grant incentives and tax rebates.

### ⊕ Recurring vs Non-Recurring

- ▣ Recurring- expenditures that will be incurred every year, and are necessary to continue operations of a department. Should be funded from recurring revenue sources.
- ▣ Non-Recurring- one-time expenditures that are not expected to be funded every year. Can be funded from one-time revenue sources.

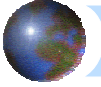


## *General Fund*

### *Where do Cities get their Money?*

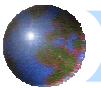
- ⊕ Property Tax
- ⊕ Sales Tax
- ⊕ Franchise Tax
- ⊕ Charges for Services
- ⊕ Fines & Forfeitures

\*See TML handout

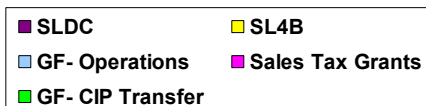
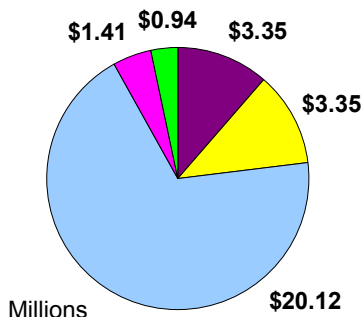


## Sales Tax

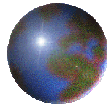
- Sales of taxable goods within the City of Sugar Land are levied an 8.25% tax
  - State of Texas 6.25%
  - City of Sugar Land 2.00%
    - 1.00% General City Sales Tax
    - 0.50% Sales Tax for Property Tax Reduction
    - 0.25% Sugar Land Development Corporation
    - 0.25% Sugar Land 4B Corporation
- Sales taxes are collected by the State Comptroller, who allocates to cities on a monthly basis.



## Sales Tax- FY04/05 Budget



- Total Sales Tax Budget
  - \$29.17 million
- Base Sales Tax
  - \$26.83 million
  - Includes \$7.29 million sales tax for property tax reduction
- Purchasing Companies
  - \$2.34 million
  - \$1.4M grant payment
  - \$0.93M to CIP



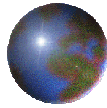
## *Fiscal Year 2003/2004 Projections*



### *General Fund Fiscal Year 2003/2004 Projections*

*In Millions*

	Current Budget	FY2004 Projection	Variance	%
Revenues	\$38.48	\$39.71	1.23	3.2%
Operating Expenditures	34.69	34.68	.01	-
Non-Operating	4.90	5.47	(0.57)	(11.5%)
Total Expenditures	39.60	40.15	(0.55)	(1.4%)
Beg Fund Balance	\$10.50	\$10.50		
End Fund Balance	9.38	10.05	0.67	7.2%
Policy Requirement	8.38	8.36		
Over Policy	1.00	1.69		



## *Fiscal Year 2004/2005 Total General Fund*



## *Fiscal Year 2004/05 General Fund Assumptions*

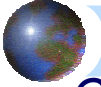
### ● Revenues

■ Sales Tax base growth- 4.27%	\$823,500
■ User Fee Increases	\$249,000
■ Reallocate \$0.01542 on tax rate	\$1.25 million

### ● Expenditures

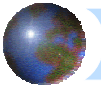
- Balance needs of the community to further City Goals
  - Manage base budget
  - Preserve existing service levels
  - New/ Enhanced Services

### ● Fund Balance drawdown of \$ 950,000



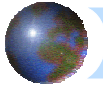
## *General Fund FY2004/2005 Budget*

Beginning Fund Balance		\$ 10.05
Operating Revenue	\$ 38.48	
Non-Operating Revenue	2.60	
Total Revenues		41.08
Recurring Operating Exp	36.13	
Non-Recurring Operating	1.87	
Non-Operating Exp	4.03	
Total Expenditures		42.03
Ending Fund Balance		\$ 9.10
Policy Requirement	9.03	
■ 3 months recurring operating exp		
Over Policy	\$ 0.07	



## *General Fund Revenues FY2004/05 Budget*

	<u>millions</u>	<u>% of total</u>
Property Tax	\$ 7.94	19%
Sales Tax	21.88	53%
Franchise Tax	4.01	10%
Fines & Forfeitures	1.57	4%
Other	3.08	8%
Operating Revenues	38.48	
Transfers In	2.60	6%
Total Revenues	\$ 41.08	



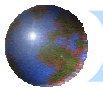
## General Fund Revenues

(In Millions)

	FY04 Orig Budget	FY04 Projection	FY05 Budget	vs FY04 Budget	% vs FY04B
Total	\$38.51	\$ 39.71	\$41.08	\$2.57	6.7%

### Major Variances

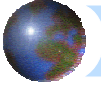
Property Tax	\$ 6.65	\$ 6.71	\$ 7.94	\$ 1.28	19.4%
Sales Tax	20.30	21.58	21.88	1.57	7.8%
Licenses/Permits	0.70	1.04	0.97	0.26	37.7%
Intergovernmental	0.06	0.18	-	(0.06)	(100%)
Charges for Service	0.74	0.75	0.93	0.19	25.8%
Interest Income	0.28	0.17	0.18	(0.10)	(35.7%)
Misc. Revenues	0.91	1.35	0.99	(0.84)	9.3%
Transfers In	3.27	2.57	2.59	(0.68)	(20.7%)



## General Fund Revenues User Fees

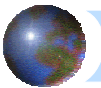
- 🕒 Budget includes increases to user fees pursuant to Council adopted User Fee Philosophy
- 🕒 FY2004 review focused on two areas
  - 📁 Parks and Recreation
  - 📁 Development Services





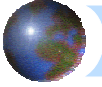
## *User Fees Proposed Changes*

- Reviewing in more detail with Finance Committee
- Budget includes estimated revenue increases of \$249,000
  - Parks \$165,000
  - Development Services \$ 84,000
- Fee increases pending Council approval
  - Council Workshop
  - New fee ordinance



## *General Fund Expenditures*

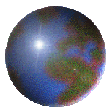
	FY2004 Budget	% of total	FY2005 Budget	% of total
General Government	\$ 4.28	12.4%	\$ 5.02	13.3%
Fiscal Services	2.99	8.6%	3.24	8.5%
Community Services	10.08	29.2%	11.33	29.8%
Police	9.68	28.0%	10.99	28.9%
Fire	6.14	17.8%	6.80	17.9%
Lease Payments	1.37	4.0%	0.62	1.6%
Total Operating	\$ 34.54		\$ 38.00	
Non-Operating Expenditures	4.46		4.03	
Total Expenditures	\$ 39.00		\$ 42.03	



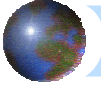
## *General Fund Expenditures*

📍 Total Increase                      \$3.0 million

Base Recurring Increases	\$ 1.9
Recurring Enhancements	1.9
Non-Operating	(0.65)
Non-Recurring	(0.15)
Total Increase	<hr/> \$ 3.0

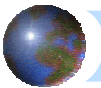
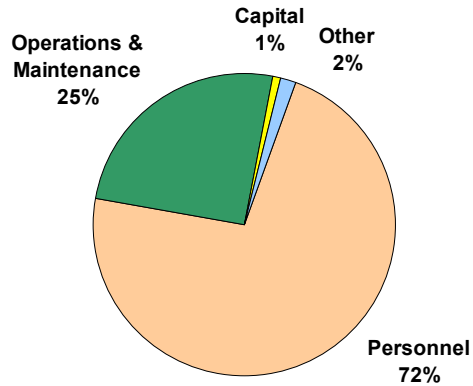


## *General Fund Operating Budget*



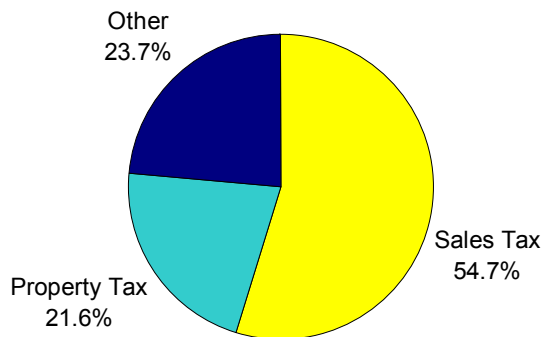
## *General Fund- Operating Budget*

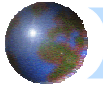
*Expenditures by Type* *\$38.0 million*



## *Funding for Operations*

*FY2004/05 General Fund Budget*





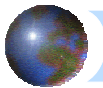
## *General Fund Operating Budget FY2004/05 Base Expenditures*

### ● Base budget increase

■ Recurring	\$1.9 million	5.4%
■ Non-Recurring	<u>0.8 million</u>	
■ Total	\$2.7 million	

### ● Significant drivers:

- Compensation & Benefit Costs
- Fuel and Electricity
- Insurance and Contractual Services



## *Base Budget Increases Compensation & Benefits*

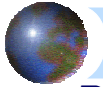
### ● Full-year impact of FY04 increases      \$ 765,000

- 4% average merit increase
- Personnel budgeted mid-year

### ● Benefit Costs      560,000

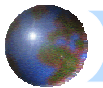
- Medical      15%
- Dental      4%
- TMRS      11.55% to 11.97%
  - Due to Actuarial Analysis
- Workers Compensation (Decrease)

- Compensation & Benefits to be discussed in further detail at an upcoming workshop



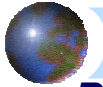
## *Base Budget Increases Fuel and Electricity*

- ⌚ Fuel \$ 33,000
  - ▣ Increase in budget reflects higher gasoline prices
  
- ⌚ Electricity \$178,000
  - ▣ Contract effective Jan 1, 2004 was 16% increase over last year's contract



## *Base Budget Increases Contractual and Insurance*

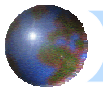
- ⌚ Contractual Services \$76,000
  - ▣ Renewal of maintenance contracts
    - Initial 3-year maintenance included in purchase price of CAD/RMS system
  - ▣ Other maintenance agreements/contracts
    - Due to increase in number of units/ higher prices
  
- ⌚ Insurance \$74,000
  - ▣ Anticipated increase in property & liability premiums



## *Base Personnel Additions*

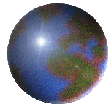
**\$155,000**

- ⊕ Risk Manager- Finance
  - ▣ Reduce and control risk
  - ▣ Active leadership to ensure safe environment for public & employees
- ⊕ Prosecutor- City Attorney
  - ▣ Currently a contracted service
- ⊕ Traffic Technician- Public Works
  - ▣ Operating the City's traffic management center
- ⊕ Resource Manager - Fire Dept
  - ▣ Ensure better control over resources
  - ▣ Ensure stations are appropriately supplied and staffed
- ⊕ Part-Time Clerk- Finance
  - ▣ Assist with increased daily mail and filing needs
  - ▣ To be shared by Accounting and Purchasing



## *General Fund Operating Budget Non-Recurring Costs*

- |   |           |
|---|-----------|
| ⊕ Operational Review                              | \$ 75,000 |
| ▣ Information Systems                             |           |
| ⊕ Ability Tests- Police & Fire                    | 100,000   |
| ▣ Design and validation of physical ability tests |           |
| ⊕ Bi-Annual Citizen Survey                        | 20,000    |
| ▣ Ensure we are meeting the citizens' needs       |           |
| ⊕ HGAC Grant- Matching Funds                      | 35,000    |
| ▣ Motorist, Pedestrian & Bicyclist Safety         |           |
| ⊕ City Hall Move                                  | 75,000    |
| ⊕ Lobbyist  | 25,000    |



## *Questions Review Topics Identified*

Next Workshop  
August 9, 2004  
General Fund Enhancements